

HOUSE BILL 502

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C4

2003 Regular Session  
3r1800  
CF 3r1716

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By: **Delegates Krysiak, Conroy, Gordon, Jameson, Kirk, Love, McHale,  
Minnick, Moe, Taylor, and Wood**

Introduced and read first time: February 6, 2003

Assigned to: Economic Matters

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A BILL ENTITLED

1 AN ACT concerning

2 **Private Passenger Motor Vehicle Liability Insurance - Coverage for Claims**  
3 **of Family Members**

4 FOR the purpose of requiring a policy of private passenger motor vehicle liability  
5 insurance to provide liability coverage for claims of family members in a certain  
6 amount under certain circumstances; requiring an insurer to offer to the first  
7 named insured under a policy or binder of private passenger motor vehicle  
8 liability insurance liability coverage for claims made by family members in a  
9 certain amount under certain circumstances; requiring that the offer be made on  
10 a certain form; specifying the contents of the form; prohibiting an insurer from  
11 refusing to underwrite a first named insured because the first named insured  
12 requests or elects liability coverage for claims of family members in a certain  
13 amount; establishing certain penalties for violation of a certain provision of this  
14 Act; providing for the application of this Act; and generally relating to liability  
15 coverage for claims of family members under private passenger motor vehicle  
16 liability insurance.

17 BY adding to  
18 Article - Insurance  
19 Section 19-504.1  
20 Annotated Code of Maryland  
21 (2002 Replacement Volume and 2002 Supplement)

22 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
23 MARYLAND, That the Laws of Maryland read as follows:

24 **Article - Insurance**

25 19-504.1.

26 (A) THIS SECTION APPLIES ONLY WHEN THE LIABILITY COVERAGE UNDER A  
27 POLICY OR BINDER OF PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE  
28 EXCEEDS THE AMOUNT REQUIRED UNDER § 17-103 OF THE TRANSPORTATION  
29 ARTICLE.

1 (B) SUBJECT TO SUBSECTION (A) OF THIS SECTION, EACH PRIVATE  
2 PASSENGER MOTOR VEHICLE LIABILITY INSURANCE POLICY ISSUED, SOLD, OR  
3 DELIVERED IN THE STATE SHALL PROVIDE, IF REQUESTED OR ELECTED BY THE  
4 FIRST NAMED INSURED, LIABILITY COVERAGE FOR CLAIMS MADE BY A FAMILY  
5 MEMBER IN THE SAME AMOUNT AS THE LIABILITY COVERAGE FOR CLAIMS MADE BY  
6 A NONFAMILY MEMBER UNDER THE POLICY.

7 (C) AN INSURER SHALL OFFER TO THE FIRST NAMED INSURED UNDER A  
8 POLICY OR BINDER OF PRIVATE PASSENGER MOTOR VEHICLE LIABILITY INSURANCE  
9 LIABILITY COVERAGE FOR CLAIMS MADE BY A FAMILY MEMBER IN THE SAME  
10 AMOUNT AS THE LIABILITY COVERAGE FOR CLAIMS MADE BY A NONFAMILY  
11 MEMBER UNDER THE POLICY OR BINDER.

12 (D) (1) AN OFFER MADE UNDER THIS SECTION SHALL BE MADE ON THE  
13 FORM THAT THE COMMISSIONER REQUIRES.

14 (2) THE FORM MAY BE PART OF THE INSURANCE APPLICATION, POLICY,  
15 CONTRACT, OR BINDER.

16 (3) THE FORM SHALL CLEARLY AND CONCISELY EXPLAIN IN 10 POINT  
17 BOLDFACE TYPE:

18 (I) THE NATURE, EXTENT, BENEFIT, AND COST OF THE AMOUNT  
19 OF LIABILITY COVERAGE FOR CLAIMS MADE BY FAMILY MEMBERS THAT IS  
20 AVAILABLE TO THE FIRST NAMED INSURED; AND

21 (II) THAT AN INSURER MAY NOT REFUSE TO UNDERWRITE A FIRST  
22 NAMED INSURED BECAUSE THE FIRST NAMED INSURED REQUESTS OR ELECTS THE  
23 LIABILITY COVERAGE FOR CLAIMS MADE BY FAMILY MEMBERS IN AN AMOUNT  
24 EQUAL TO THE COVERAGE PROVIDED FOR CLAIMS MADE BY NONFAMILY MEMBERS.

25 (E) (1) AN INSURER MAY NOT REFUSE TO UNDERWRITE A FIRST NAMED  
26 INSURED BECAUSE THE FIRST NAMED INSURED REQUESTS OR ELECTS THE  
27 LIABILITY COVERAGE FOR CLAIMS MADE BY FAMILY MEMBERS IN AN AMOUNT  
28 EQUAL TO THE COVERAGE PROVIDED FOR CLAIMS MADE BY NONFAMILY MEMBERS.

29 (2) AN INSURER THAT VIOLATES THIS SUBSECTION IS SUBJECT TO THE  
30 PENALTIES PROVIDED IN §§ 4-113 AND 4-114 OF THIS ARTICLE.

31 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall apply to all  
32 private passenger motor vehicle liability insurance policies and binders issued,  
33 delivered, or renewed in the State on or after October 1, 2003.

34 SECTION 3. AND BE IT FURTHER ENACTED, That this Act shall take effect  
35 October 1, 2003.